



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2011 Biennium

Bill #	SB0284	Title:	Increase income phase-out cap for pension and annuity exclusion
Primary Sponsor:	Brueggeman, John	Status:	As Introduced

- | | | |
|---|--|--|
| <input type="checkbox"/> Significant Local Gov Impact | <input type="checkbox"/> Needs to be included in HB 2 | <input type="checkbox"/> Technical Concerns |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts | <input type="checkbox"/> Dedicated Revenue Form Attached |

FISCAL SUMMARY

	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>	<u>FY 2012 Difference</u>	<u>FY 2013 Difference</u>
Expenditures:				
General Fund	\$0	\$0	\$0	\$0
Revenue:				
General Fund	(\$1,216,000)	(\$1,194,000)	(\$1,141,000)	(\$1,090,000)
Net Impact-General Fund Balance:	<u>(\$1,216,000)</u>	<u>(\$1,194,000)</u>	<u>(\$1,141,000)</u>	<u>(\$1,090,000)</u>

Description of fiscal impact: This bill would increase the partial exemption for pension and annuity income, reducing general fund revenue by about \$1.1 million to \$1.2 million per year.

FISCAL ANALYSIS

Assumptions:

1. Current law provides a limited exemption from income tax for pension and annuity income. The exemption equals \$3,600 minus two times any amount by which the taxpayer's federal adjusted gross income exceeds \$30,000.
2. This bill would increase the income level at which the exemption begins to be phased out from \$30,000 to \$35,000, beginning in 2009.
3. The income tax forecasting model was modified to reflect the changes in this bill. The resulting changes in tax liability for all filers are shown in the following table:

Tax Year	Change in Tax Liability (\$million)
2009	-1.216
2010	-1.194
2011	-1.141
2012	-1.090
2013	-1.028

4. The changes in income tax liability in assumption 3 would show up as changes in general fund revenue when taxpayers make smaller payments or receive larger refunds with their returns file during the next fiscal year. Thus, revenue in FY 2010 through FY 2013 will be reduced by the changes in tax liability shown for tax years 2009 through 2012.
5. Changes to the income tax return and instruction required by this bill would be made as part of the annual update process with no additional costs for the Department of Revenue.

	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>	<u>FY 2012 Difference</u>	<u>FY 2013 Difference</u>
<u>Fiscal Impact:</u>				
<u>Revenues:</u>				
General Fund (01)	(\$1,216,000)	(\$1,194,000)	(\$1,141,000)	(\$1,090,000)
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>				
General Fund (01)	(\$1,216,000)	(\$1,194,000)	(\$1,141,000)	(\$1,090,000)

*Sponsor's Initials*_____
*Date*_____
*Budget Director's Initials*_____
Date